



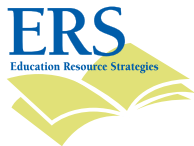
# Realigning Resources for District Transformation

Using American Recovery and Reinvestment Act Funds to Advance a Strategic Education Reform Agenda

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Center for American Progress and Education Resource Strategies April 2009





Center for American Progress



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# Introduction

School districts and states have begun to receive education funds doled out from the American Recovery and Reinvestment Act, or ARRA, and many have a simple plan for the money—prevent teacher layoffs and restore current programs that were heading for the chopping block. This plan aligns with the legislation's intent to address the acute financial problems facing school districts around the country, yet the act's name points to a greater purpose than simple relief for its substantial, one-time funds. The act's State Fiscal Stabilization Funds, complemented by a one-time boost to a variety of categorical programs,<sup>1</sup> provide an unprecedented opportunity for districts to advance a strategic agenda: to align and fundamentally restructure their use of resources to improve academic achievement for all students.

In the pages that follow, we provide concrete ideas for strategic spending in three key areas—taking stock of current practices, focusing on support for quality instruction, and making transitional investments—in order to give some guidance to those districts seeking to balance the act's short-term focus on preserving jobs with its long-term goals of promoting student achievement.

# The challenge

Research on school spending shows that it's not just how much money a district spends that makes the difference in student learning; it's how well the resources are used.<sup>2</sup> But districts' old habits and outdated policies often stymie efforts to redeploy existing resources in more cost-effective ways. By and large, schools still operate on a 180-day agrarian calendar suited to the 19th century, instruction is dispensed in 50 minutes doses irrespective of subject or student need, and teachers practice their craft in isolation from one another. Schools are funded and teacher contracts are based on these outdated visions of how we “do school.”

The imperative to spend ARRA funds quickly poses the enormous risk that states and districts will not invest the time or tackle the political challenges that go along with a fundamental reorganization of how funds are spent. But in fact, the one-time nature of stimulus funding creates the perfect situation for breaking the old habits and developing new paradigms for effective spending. Districts should consider using one-time funds to facilitate a new way of doing business, one in which all resources are allocated to support long-term goals for students. Concrete ways of spending money fall under three thematic headings:

- Take stock of current practices.
- Focus on supporting quality instruction.
- Make transitional investments.

The Department of Education's guidance on the use of state Fiscal Stabilization Funds explicitly allows the use of dollars for activities like long-range planning and data analysis, as well as investment to support new ways of working.<sup>3</sup> The need to invest effort and money to help restructure the way existing resources are used may not seem as obvious in the face of short-term fiscal concerns. However, access to future stabilization dollars, especially those offered on competitive basis, will be contingent on districts and states providing evidence of strong commitment to bold reforms. In particular, \$5 billion in stabilization funds will be awarded by the Secretary of Education on a competitive basis—\$4.35 billion for the Race to the Top program; \$650 million for What Works and Innovation program. Evidence of serious attention to redesigning resource use to be more strategic will likely bolster state and districts' applications for competitive funds.

# Take stock of current practices

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## Map current resource use

Many school leaders do not have an accurate picture of how they use their current resources: people, time and money. Without this view, districts can't see whether they are investing to advance their priorities. A comprehensive review of resource use requires integration of data from many sources including budget, personnel files, teacher and student assignments, and course schedules. This kind of analysis would help a district quantify how much time and money it spends on required academic subjects versus elective subjects. Similarly, districts may believe they allocate resources among schools equitably, but a close look may reveal that they spend less in the highest poverty schools. In particular, comparing school-by-school expenditures based on actual teacher salaries may reveal gross inequity.

Many districts may lack the capacity to perform such analyses—a real departure from the compliance-driven reporting to which they are accustomed. They may also lack the perspective needed to examine current resource use dispassionately. There are organizations, however, with both the capacity and perspective needed to help districts map their current spending against long-term goals. Such engagements often uncover millions of dollars that can be reallocated from programs that don't work to support strategies with greater potential to improve performance. Crucially, this kind of self-analysis and reporting of resource use is completely consistent with explicit ARRA principles honoring transparency, accountability, and reporting around the use of one-time funds.

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## Commission purposeful analyses of what works

Districts are awash in data that should inform resource decisions and practice, but these data often remain an untapped resource. For instance, many districts have schools that consistently generate better results than others with similar challenges, and the former schools may differ from the latter in choice of curricula, bell schedule, class size, or some other key facet shaping instruction. But districts seldom study which strategies promote better results, or how to spread the use of the effective ones. The bottleneck is often simply a shortage of qualified personnel, either to interact with external researchers and to fulfill their data requests, or to conduct studies internally. Districts can use one-time funds to contract the personnel necessary to use existing data to help distinguish between effective and ineffective uses of resources.

# Focus on supporting quality instruction

Once districts have a clearer vision of how resources are currently used and which uses promote desired goals, they are in a position to become more deliberate about the ways they use resources. Yet reallocating resources away from ineffective uses is no easy feat. District leaders would do well to focus reallocation discussions on the conceptual shift from the quantity of staff to the effectiveness of personnel supporting high-quality instruction in academics.

Effective teaching is not about staffing ratios. It's about having teachers with the skills and tools to provide effective instruction, as well as the administrative and other staff to support such instruction. The research is clear that closing achievement gaps requires that students receive consistently high quality instruction, and this means they need high-performing schools whose leaders marshal strong teams of teachers around common high standards for learning and an engaging curriculum to match. While the specifics vary by context, districts might look to the strategies below for rethinking resources to reach this vision.

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## Rethink class-size policies

One-time funds offer a chance to experiment with the parameters of a more dynamic approach to sizing classes. Small class sizes may allow teachers to provide students with more individual attention, but they do so at great cost. High-poverty students in early grades seem to achieve at higher rates when taught in very small classes (in the range of 14-17 students),<sup>4</sup> but such policies may not be as cost-effective as other ones geared toward improving the effectiveness of teachers in the classrooms. Certainly, reasonable guidelines for maximum class sizes make sense, but strict class size limits may actually compromise teacher effectiveness and nullify the benefits of small class sizes.

In districts with chronic teacher shortages, for example, low class size limits may force districts to hire weaker candidates than they might be able to attract by reallocating dollars from class-size reduction to other programs. A more strategic, dynamic approach to fostering individual attention might combine larger class sizes with strategies for creating small flexible groups and individual tutoring based on ongoing assessment of student needs. This approach would allow for deliberate variation in class size according to the specific nature of subjects and lessons. It might also take account of some teachers' capabilities to teach larger classes effectively and consider how to reward them for doing so.



In the short term, districts might look to make strategic adjustments in class size that free dollars to build teacher effectiveness. These measures might bump up against some district, state, or contractually defined class size requirements, but the relevant policies often allow waivers, especially when teachers are engaged collaboratively in decisions around alternate uses for funds. Furthermore, some contracts provide for stipends for teachers or other remedies when class sizes exceed set limits. While deliberately triggering such mechanisms is not a long-term solution, doing so in the short term provides an opportunity to shift away from simplistic class size policies toward smarter policies.

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## Shore up the core

Districts could use one-time funds to create outside partnerships and purchase technology-based courses so that they can spend resources more effectively on high-quality teaching in core subjects. States can also play a useful role by providing an evaluation framework to build knowledge on which approaches are most effective.

Common resource allocation patterns work against ensuring that *all* students receive high quality teaching that builds a strong foundation in the core academic areas, especially at the secondary level. Most districts spend significantly more to offer advanced elective classes than core required ones because the former tend to be taught by highly experienced teachers and have relatively low enrollment.<sup>5</sup> Some innovative districts continue to offer advanced electives at a lower cost by combining classes across schools, sending students to take classes at local colleges, and leveraging community-based organizations and online resources to teach classes. Such strategies can actually increase the opportunities students have to explore areas of interest.

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## Restructure and extend student learning time

Research confirms the common-sense tenet that the amount of time students spend engaged in learning makes a difference, and that students need different amounts of time to master certain skills and topics. Plunking students into age-based grades and 50-minute blocks regardless of subject or need makes little sense, especially because we know that high performing schools find ways to make time more flexible to respond to student needs and to devote a higher percentage of time to literacy and math where appropriate.<sup>6</sup> Shifting the use of existing time may not cost more money, but it may shift workforce needs. Secondary schools planning to spend more time on math, for example, may need to hire more math teachers and fewer elective teachers.

Even with such restructured time, the traditional school day and year may not afford enough time for all students to reach higher learning standards. This barrier to improved outcomes, felt especially in districts serving concentrations of low-income students or

English language learners, has begun to break down. Results of initiatives to expand learning time are promising,<sup>7</sup> and one-time funds can help more districts experiment with this innovation in resource allocation. One-time funds used to contract with external partners or provide stipends for district employees can responsibly create expanded learning time in the short-term.

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## Redefine professional development

Chronic teacher turnover plagues many school districts, but high-quality induction combined with ongoing access to expertise around improving instruction can improve retention of effective teachers.<sup>8</sup> One-time funds might allow districts to build the necessary professional development capacity. Yet new investments in professional development only make sense in the context of a shift away from the “one-shot work-shops” that still characterize professional development efforts in many districts. Isolated, faddish workshops lacking an authentic, embedded connection to the instructional challenges facing teachers persist because the paradigm for professional development has yet to shift from the notion of professional development as something that is “done to” teachers and leaders to a vision of professional development as the shared responsibility of learning communities and part of their everyday work.<sup>9</sup>

This collaborative vision of professional development should build the capacity of the school staff to meet students’ needs. Training might focus on strategies for teaching English Language Learners or special education students. It might also prepare teachers to take on new roles and responsibilities within the learning community, such as serving as coaches, data analysts, or master teachers. Sometimes efforts to introduce school-based models through expert coaches do not outlast changes in leadership or tight budgets because the “coaches” are provided as “add-ons.” Schools often lack a companion vision of how to sustain support for new and struggling teachers or ensure expert instructional leadership is embedded in the school long after the “coaches” are gone.

One-time funds could be used to explore how to reallocate resources to support a new professional development paradigm, one featuring school-based teacher induction and expert support for teams, for instance. One-time funds could also be used to develop an array of expert resources that school-based teams could use to guide their professional learning. In addition, funds could pay for start-up support to implement new models well—in supporting the transition to a culture focused on results. With start-up funding, districts could ensure that structures, protocols and accountability for results are clearly defined and widely understood—especially by the school leaders who will implement them. Teachers and leaders might receive stipend dollars to study and develop such models. Finally, in order to sustain this vision, states and districts will need to integrate the new ways of organizing and new roles for teacher leaders into standard resource allocation models, teacher career paths and compensation schemes. One-time funds could be devoted to exploring how to do this.

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## Create collaboration-friendly teacher schedules

Districts can invest one-time funds to pay teacher leaders or other school staff to work with principals to develop master schedules that explicitly create collaboration time for teachers and will serve the school for years to come. Districts, states and teachers unions should also prioritize the issue of revising contracts to allow for more meaningful time for professional practice and collaboration.

One of the key ingredients of effective professional learning communities is time for teachers to work together and observe each others' practice. Traditionally, teachers have practiced their craft in isolation, but they can be more effective when they collaborate, pooling knowledge of students' strengths and weaknesses, developing exciting ways of reinforcing learning goals that transcend disciplinary boundaries, and creating a coherent line of communication between the students' homes and school. Sadly, schools often structure the school day in ways that hamstring such collaboration. In particular, the master schedule may be devoid of strategically useful overlap in teachers' planning time.

While restructuring teacher schedules doesn't need to cost more, doing so often requires complicated rearrangement of teacher assignments and the structure of the day. Creating collaboration time cost-effectively may also demand finding new ways to cover teacher time either by using technology, part-time teachers, or other providers of instruction. Such strategies may require changes to district practice and contract provisions, and this is where one-time funds can help.

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## Reward demonstrated effectiveness

The structure of teacher compensation schemes is surprisingly similar across the nation. Teacher salaries tend to double over the course of a career, leaving aside cost-of-living adjustments, with increases based on longevity and continuing educational attainment or "seat time," factors almost completely disconnected from teacher performance in the classroom.<sup>10</sup> Somewhere between 20 percent and 40 percent of spending devoted to teacher salary is devoted to factors unrelated to teacher effectiveness or contribution, depending on the composition of the teaching work force.<sup>11</sup>

Districts and states, in cases where states control teacher salaries, can immediately reduce and redirect spending while moving away from longevity and "seat-time" pay to performance-based pay. Starting and maintaining such initiatives is not easy. But stimulus funds can be used to support collaboration between teachers and leaders to develop new approaches, tailor ones developed elsewhere to local service, and ensure that local data systems and reporting capability can support a more strategic approach to teacher compensation. A sure sign that such use of stabilization funds resonates with the spirit of the law is another provision, one offering \$200 million to support districts and states in developing innovative, strategic compensation schemes.

# Make transitional investments

The funds' reallocation to support new ways of working has certain start-up costs. New infrastructure, data systems, and skills are needed in order to form new habits. Districts may also need to "buy out" bad policies in order to enable transitions to more effective uses of resources. One-time funds made available by ARRA offer districts the opportunity to cover these start-up costs.

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## Build enhanced student information and assessment systems

Many districts are woefully unable to explain how their student achievement results relate to their management practices even after years of assessing student achievement and reporting results in service of accountability systems.<sup>12</sup> There are two main roadblocks to tying achievement to management practices. First, state-sponsored accountability exams offer only annual snapshots of student achievement. Districts should invest in finer-grained assessment tools that provide formative data and helpful information in supporting instructional improvement. Second, traditional ways of managing information preserve redundancy of effort and block the useful flow of information. Key human resource data, such as personnel, payroll, and student services are often entered manually by multiple departments. This practice may be downright wasteful, and it certainly decreases the chances that data from one department can be successfully matched to the appropriate teachers and students as seen by another department.

Purchasing assessments, equipment, and training necessary to provide managers with timely, accurate, and useful data is a perfect use of stimulus funds. ARRA says as much with a dedicated funding stream of \$250 million to support states' efforts to enable data systems to meet the criteria expressed in the America Competes Act.

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## Revamp human resource systems

In order to revamp their human resource systems, districts can use one-time funds to hire consultants to identify policy barriers, train personnel, purchase software, and enhance communications with other departments and schools. School districts need human resource systems that recruit, hire and place teachers with strong promise or proven track

records of effectiveness and match school needs. But research from the New Teacher Project has found that human resource systems in many districts come up short. Vacancies are often identified and offers of employment made woefully late in the employment cycle, and principals are cut out of the hiring process.

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## Establish sturdy teacher evaluation systems

A sturdy evaluation system provides states and districts with a fundamental tool to ensure students' access to effective teachers. Such a system would begin with standards for what teachers need to know and be able to do, as well as the kind of results they would expect to achieve with their students. Evaluation tools based on such standards would help leaders identify which teachers are most effective, which are in need of some type of remediation, and which are chronically ineffective. Currently, many districts have the opposite kind of system, a meaningless one in which virtually all teachers receive satisfactory ratings.<sup>13</sup> Putting a strong system in place is an ambitious goal. Such a system requires instruments and expertise that districts may lack, but one-time funds can cover the development or purchase of instruments and the training of principals and other relevant personnel.

States could help develop more rigorous evaluation systems by creating a model system and offering incentives to pilot districts to try it. Another approach would be to offer incentives to districts to strengthen their evaluation systems mutually. Districts that already have elements of good evaluation systems in place could be chosen, but an infusion of funds could strengthen or pilot them in a few schools. A more rigorous evaluation system provides the basis for future reforms, such as raising the bar for granting tenure and offering differential compensation.

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## Renegotiate bad bargains

The body of policy bearing on district operations is a tangle of idiosyncratic resolutions, contentious settlements, outdated contracts and local interpretations of state law that lead to dysfunction or higher than market cost. In many districts, it may not be difficult to point out numerous such examples. Collective bargaining contracts often include numerous work rules that the teachers might “sell” for a one-time stipend. Other prime targets for buyout include contracts with vendors whose performance is lacking. Six remaining months on a copier lease-maintenance contract, for example, may be worth buying out if a cheaper or more reliable provider can be identified. One-time funds can finance “buy-outs” or other transition costs associated with the nuanced pruning of such policies. Stimulus funds may alleviate the cash-flow constraint that normally inhibits this type of transaction. And tough times may give new weight to efforts to focus attention on old agreements that no longer make sense for kids.

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## Support schools in using resources strategically

Because school-level outcomes constitute a major focus of accountability, school leaders should have more discretion in allocating resources. Longstanding customs like centralized purchasing of every last supply used in schools has given way to a mix of school-based purchases and central ones, yet principals may not have the expertise to use this discretion well. The spectrum of services that savvy principals would like to purchase from external providers is broad. It includes instructionally related services like professional development, substitute teachers, itinerant staff, and curricular materials as well as operational ones like custodial and maintenance services.

Devolving more budgetary discretion to the school level has two implications. First, district offices that supply services to schools should adopt a customer-centric focus that can help schools make strategic decisions. For departments like facilities maintenance that face potential competition, this measure may be the only way to ensure survival; for others, it simply represents a better way of doing business. Second, many principals need training in how to organize resources strategically, as well as ongoing support to manage them effectively. Thus, districts should consider using one-time funds to purchase consulting services and training with the aim of fostering customer-centered practices in central operations and strategic resource use at the school level.

# Conclusion

Economic circumstances and the troubled history of education reform suggests that school districts will use one-time funds stemming from the American Recovery and Reinvestment Act to buy time doing business in old ways. Recognizing this, the act wisely specified a set of reform assurances and accountability principles to prod states and districts to think creatively about new ways to use funds strategically to improve student achievement. These assurances may also give political cover to state and district leaders wishing to capitalize on one-time funds to drive forward an ambitious education reform agenda. By providing concrete ideas for strategic spending in the key areas of taking stock of current practices, focusing on support for quality instruction, and making transitional investments, this document is intended to give some guidance to those districts seeking to balance the act's short-term focus on preserving jobs with its long-term goals of promoting radical improvement in achievement of all students.

# Endnotes

- 1 In particular, supplementary grants for ESEA, Title I, Part A and IDEA, Part B are categorical funds and may only be used for specific purposes. Supplementary Title I funds, for example, are be used in schools designated by their districts as Title I schools. Districts are urged to consult the Department of Education guidance around the issues of Maintenance of Effort and Supplement, Not Supplant provisions of ESEA and IDEA, available at <http://www.ed.gov/policy/gen/leg/recovery/index.html>. The guidance documents also include lists of acceptable uses of categorical funds.
- 2 Karen Hawley Miles and Stephen Frank, *The Strategic School: Making the Most of People Time, and Money*. (Thousand Oaks, CA: Corwin Press, 2008); Eric A. Hanushek, "Assessing the Effects of School Resources on Student Performance: An update," *Education Evaluation and Policy Analysis* (19) (1997): 141-164.
- 3 Indeed, allowable uses almost could not be broader, since Impact Aid is one of them: "Because an LEA may consider Education Stabilization funds to be available for any activity authorized under Impact Aid, the funds may be used to support both current expenditures and other expenses such as capital expenditures. Among other things, the Education Stabilization funds may be used for activities such as: paying the salaries of administrators, teachers, and support staff; purchasing textbooks, computers, and other equipment; supporting programs designed to address the educational needs of children at risk of academic failure, limited English proficient students, children with disabilities, and gifted students; and meeting the general expenses of the LEA." (See p. 19, accessed on April 6, 2009 from <http://www.ed.gov/programs/statestabilization/guidance.pdf>)
- 4 Eric A. Hanushek, "Some Findings from an Independent Investigation of the Tennessee STAR Experiment and from Other Investigations of Class Size Effects," *Educational Evaluation and Policy Analysis* 21(2), Summer 1999, pp. 143-163, or Lawrence Mishel and Richard Rothstein (ed.), "Evidence, Politics, and The Class Size Debate," in *The Class Size Debate* (Washington, DC: Economic Policy Institute, 2002), pp. 37-65.
- 5 Karen Hawley Miles, "Using Stimulus Funds to Build a Bridge to Better Practice," Education Week, Editorial Projects in Education, Bethesda, MD, February 23, 2009.
- 6 Regis Shields and Karen Hawley Miles. "Strategic Designs: Lessons from Leading Edge Small Urban High Schools," Education Resource Strategies; Miles and Frank, *The Strategic School: Making the Most of People, Time, and Money*.
- 7 Melissa Lazarin, "A Race Against the Clock: The Value of Expanded Learning Time for English Language Learners" (Washington: Center for American Progress, December, 2008); Marguerite Roza and Karen Hawley Miles, "Taking Stock of the Fiscal Costs of Expanded Learning Time" (Washington: Center for American Progress, July, 2008); Elena Rocha, "Expanded Learning Time in Action Initiatives in High-Poverty and High-Minority Schools and Districts" (Washington: Center for American Progress, July, 2008).
- 8 Michael Strong, "Mentoring New Teachers to Increase Retention A Look at the Research" (Santa Cruz: New Teacher Center, 2005), available at <http://www.newteachercenter.org/pdfs/NTCResearchBrief.05-1.pdf>.
- 9 Richard F. Elmore, "Bridging the Gap Between Standards and Achievement: The Imperative for Professional Development in Education" (Washington: Albert Shanker Institute, 2002).
- 10 Raegen Miller and Robin Chait, "Teacher Turnover, Tenure Policies, and the Distribution of Teacher Quality" (Washington: Center for American Progress, 2008).
- 11 This spending range is based on the 2009 work of Education Resource Strategies.
- 12 Frederick M. Hess and Jon Fullerton, "Balanced Scorecards and Management Data," Center for Education Policy Research, March 17, 2009.
- 13 The New Teacher Project conducted a study of the evaluation system in Chicago and found that between 2003 and 2006, only .3 percent of teachers received unsatisfactory ratings and 93 percent received superior or excellent ratings.



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### About the Center for American Progress

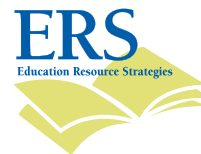
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### About Education Resource Strategies

Education Resource Strategies' mission is to transform urban school systems by helping leaders strategically use resources to dramatically improve student learning. A non-profit organization, Education Resource Strategies' unique strength is in our action research where our partnerships with school systems bridge research and practice. We support our clients with Web-based tools, research and training, and diagnostic analyses tailored to their districts. Together, we outline strategies that are transformational both within and beyond the districts in which we work. For more information on Education Resource Strategies, visit [www.educationresourcestrategies.org](http://www.educationresourcestrategies.org).



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